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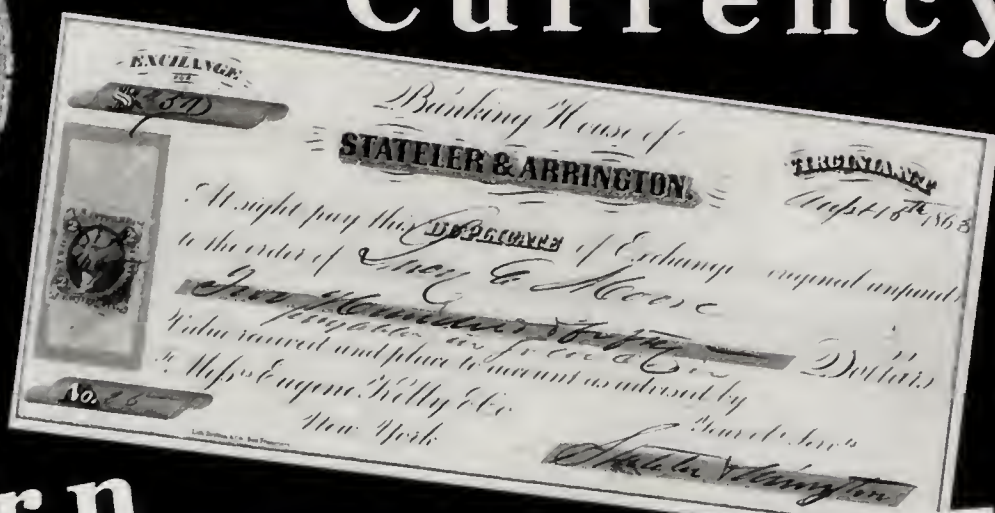
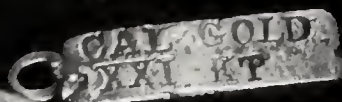
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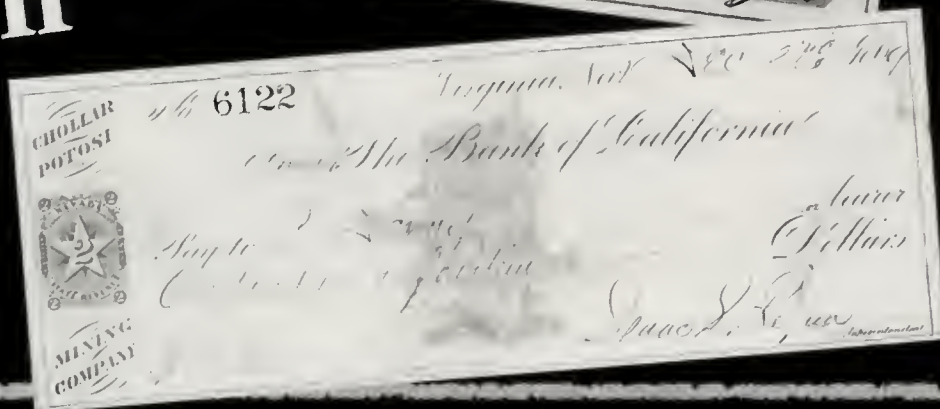
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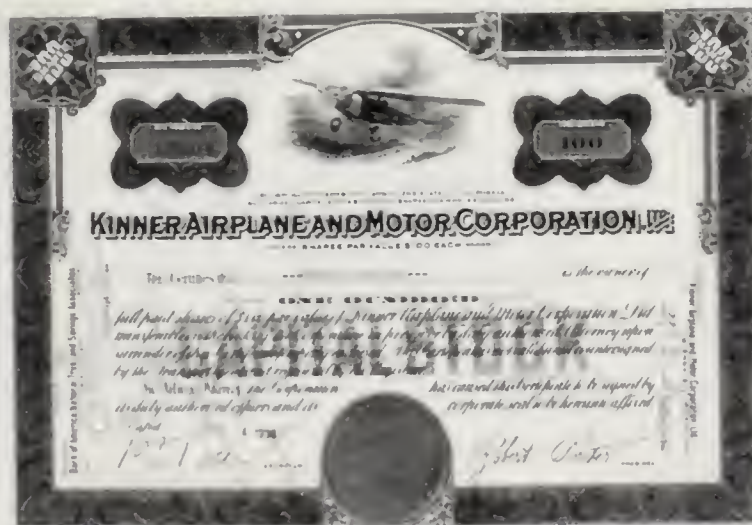
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FINANCIAL HISTORY

THE MAGAZINE OF THE MUSEUM
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FINANCIAL HISTORY

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Founder's Letter

By John E. Herzog, Chairman

THE MUSEUM RECENTLY was asked to assemble a focus group of financial industry professionals from across lower Manhattan to collect input from this important constituency—the professional colleagues of those lost on September 11—to ensure that these voices will be heard in the planning for a memorial to be erected at Ground Zero. A provocative question asked of the group was, looking into the future, “What do you want visitors to the site to feel in decades to come?” While views varied widely on what should be built where the World Trade Center once stood, there was consensus that the rebuilding of Downtown should convey to future generations

not only a connection to the site, but also the positive values and attributes associated with the trade center and with talented, industrious men and women from all continents who were helping to build the new global economy from those soaring structures.

This is a calling we are uniquely qualified to meet, and which we embrace with vigor. Through the functions of preserving, interpreting and storytelling, a museum can provide the context to help assimilate over time these events into the nation's long-term memory. The theme that will bridge the connection to future generations of visitors to lower Manhattan is the “American dream” epic we celebrate here at the Museum. It is the story of how, for over four cen-

turies, the bustling commercial outpost at Manhattan's southern tip has been a crucible for innovation and an incubator for entrepreneurship.

We cannot yet predict the look of our cityscape or the Museum in a rebuilt lower Manhattan. But we look forward to commemorating the legacy of those who were lost, and inspiring future generations, with this story of innovation and entrepreneurship in New York City's Financial District.

Finally, as the Museum enters its 15th year, may I express publicly our appreciation for the service of Founding Trustees Ed Altman and Tom Levis and Board members Randy Cepuch and Dan Cooper, whose terms of office are ending. Their leadership and good company will long be remembered. **FH**

Message to Members

By Brian C. Thompson,
Executive Director

ON THE MORNING FOLLOWING the town meeting we conducted last November on the spirit of community and recovery in the Financial District, I was greeted at the office with the most welcome (and the longest) recorded message I have ever received. In the rich melodic voice of a history lover and storyteller, Dr. Andy Anderson, chief historian at Wells Fargo, introduced himself—and the fantastic notion of moving the company's 150th anniversary celebration to New York City, where it was founded in 1852.

Andy had been scheduled to meet in midtown Manhattan with the publisher of his book, *Stagecoach*, on September 11. While stranded in the city in the days following the attacks, he heard radio commentary by a Museum

staff member and recalled having appeared with assistant director Meg Ventrudo in a recent television documentary. By the time he arrived back home in San Francisco he was convinced that there was an important message of strength and endurance to be shared with New Yorkers by a company which had endured a century and a half of stagecoach robberies, ship sinkings, and natural disasters. And he envisioned a role for the Museum, located around the corner from the company's first office at 16 Wall Street.

The rest, as they say, is history. Bev Smith and her team at Wells Fargo Historical Services created the exhibit in record time and on March 18, company Chairman and CEO Dick Kovacevich and Congresswoman Carolyn Maloney cut the ribbon to open the gallery—and then hopped a stagecoach for the short trip to the New



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York Stock Exchange, where they rang the closing bell.

A pair of photographs shows the company's brick headquarters building before and after the 1906 earthquake which destroyed San Francisco. The report telegraphed from an employee at the scene of the disaster has a special resonance today: “Building destroyed. Vault intact. Credit unaffected.” We are grateful to Wells Fargo for bringing us their powerful story, their support, and the collegiality of wonderful colleagues. **FH**

"Born in New York" Exhibit Brings Wells Fargo Home for 150th Anniversary

By Margaret Zaydman

ON MARCH 18, exactly 150 years after Wells Fargo was founded at 16 Wall Street, the Museum opened its summer exhibit, "Born in New York: Wells Fargo—150 Years of Entrepreneurial Spirit." The opening coincided with a full day of anniversary observances including the ringing of the NYSE closing bell by Dick Kovacevich, Chairman and CEO of Wells Fargo, who was delivered to the Exchange in a horse-drawn stagecoach.

The company chose to observe this milestone anniversary in lower Manhattan to celebrate its founding in New York and to show support for the city's recovery from the events of September 11.

Since its founding in 1852, Wells Fargo has survived fires, earthquakes, ship sinkings, stagecoach hold-ups, and remarkable odds to emerge as one of only about a dozen American companies to achieve 150 years of continuous operation under its original name and in its founding business.

"No name speaks more powerfully to the adventuresome, innovative, and entrepreneurial spirit of American business than Wells Fargo," said the Museum's Executive Director Brian C. Thompson. "The milestone of the company's 150th anniversary represents more than longevity: it reflects endurance based on a commitment to quality, service, and integrity which can be traced to the company's founders. The Museum is proud to be associated with Wells Fargo and thrilled to celebrate this company's epic



The Honorable Carolyn B. Maloney (left), Member of Congress, Museum Chair John E. Herzog, and Wells Fargo Chairman and CEO Dick Kovacevich (right) opened the "Born in New York" exhibition with a ribbon cutting ceremony in the Museum gallery.



NYSE Chairman and CEO Richard A. Grasso (left) accompanied Wells Fargo Chairman and CEO Dick Kovacevich (right) down Broad Street en route to the New York Stock Exchange, where Kovacevich rang the closing bell on March 18.

role in America's financial history."

"Born in New York" explores Wells Fargo's New York roots, the multifaceted role of the Wells Fargo agent, and the day-to-day business of a historic bank and express company. A model stagecoach, gold nuggets, mining and assayers' equipment, a piece of Sutter's

Mill where gold was discovered in 1848, ledger books, treasure boxes, original stock certificates, and photographs illustrate Wells Fargo's colorful past and its continuing connection to New York. The exhibit also features the folding portable desk that once belonged to William Harnden, who organized express as a business in New York City in the 1830s. One of Harnden's early agents was young Henry Wells.

To compliment the exhibit, the Museum is offering a calendar of exhibit-themed events featuring three guided tours of the Federal Reserve Bank's gold vaults; a book lecture and signing by Dr. Andy Anderson, Wells Fargo's chief historian and author of *Stagecoach: "Songs from the Campfire,"* a children's program in conjunction with the South Street Seaport aboard the *Peking*; and "Pioneering Business," lessons and reflections from Wells Fargo's history (see events calendar, page 37).

"Born in New York" will be on display through September 14. For additional information, including exhibit highlights, photographs from opening day, and details about upcoming events, please visit the Museum's website at financialhistory.org. **FH**

Museum Intern Margaret Zaydman is a senior at the Academy for the Advancement of Science and Technology in Hackensack, New Jersey and plans to attend the University of Chicago in the fall.

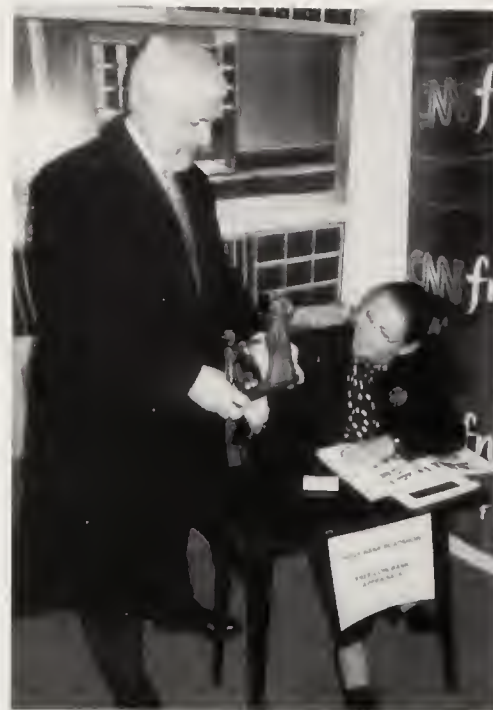
Winter Events Calendar Features Book Signing and “Piggy Bank Roadshow”

IN A CELEBRATION of Black History Month, the Museum and New York University Stern School of Business co-hosted a lecture and book signing by Gregory S. Bell, author of *In the Black: A History of American Americans on Wall Street*, on February 21.

With the January 2002 release of *In the Black*, Bell became the first to tell the many heroic stories of pioneers who battled against overwhelming odds to succeed in the demanding world of high finance. In his lecture, as in his book, Bell related the experiences faced and obstacles overcome by African Americans to gain acceptance and admiration

on Wall Street over nearly a century.

The Museum's winter calendar of events also included programming that tied in with the “America's Coin Banks” exhibition, such as guided tours of the American Numismatic Society's “Drachmas, Doubloons, and Dollars” exhibit at the Federal Reserve Bank of New York and a “Piggy Bank Roadshow” at which a certified appraiser gave free estimates on banks of all varieties. The 16 banks appraised at the roadshow ranged in value from \$75 for a tin drum still bank to \$1,200 for a “Teddy and the Bear” mechanical bank. **FH**



Certified appraiser Iza Emmett evaluates a mechanical bank at the “Piggy Bank Roadshow.”

Museum Receives Relief Funding to Help Offset 9–11 Losses

THE MUSEUM RECEIVED generous gifts of \$150,000 from the Wells Fargo Foundation and \$25,000 from the American Express World Trade Center Disaster Relief Fund to help the institution recover from the serious financial impact suffered after the September 11 attacks.

“Our ability to resume the Museum's public programs and services quite simply would not have been possible were it not for these two exceedingly generous gifts,” said Executive Director Brian Thompson. “We are especially proud that our recovery will forever be credited to the two companies most associated with the growth of the financial services industry - intimately intertwined with the nation's own history - during the past century and a half. We are deeply grateful for their vital help to the

Museum - and for the generosity, compassion, and leadership they have shown since September 11.”

The Wells Fargo award is the largest corporate foundation grant received by the Museum in its 14-year history. The presentation was made in New York City on March 18 at Federal Hall National Monument, on the occasion of the company's 150th anniversary.

“At this point in the history of American business, it is important to support an organization that preserves what is best about the role of financial services in society and its impact on customers, shareholders, and employees,” said Dr. Andy Anderson, Wells Fargo's chief historian. He noted the gift of \$1,000 for each of the company's continuous years in business.

Also in March, the Museum was

awarded a grant from the American Express World Trade Center Disaster Relief Fund. American Express employees, as well as the company, contributed to the Fund. The award recognizes the impact to the Museum of the terrorist attacks, and the contributions the Museum makes to the Downtown community.

“We are deeply grateful to American Express and its employees worldwide for their generosity, which will be a big help to us as we work to fully resume our services to the community and get back on our feet in time for spring and summer visitors,” said Thompson. “No local business has been so consistently active behind the scenes to promote Downtown tourism and bolster lower Manhattan's cultural institutions, before or after September 11.” **FH**

Museum Chair Appointed to Smithsonian National Board

JOHN E. HERZOG, chair of the Museum's Board of Trustees, was one of seven new members named to the 50-member Smithsonian National Board at its annual meeting on February 1. Herzog, an avid collector of financial memorabilia and Chairman *emeritus* of the Wall Street firm Herzog Heine Geduld Inc., founded the museum in 1988.

While the Board of Regents is the

highest authority at the Smithsonian — its governing board — the Smithsonian National Board was created to "provide advice and assistance to the Smithsonian in support of its mission." Among its specific functions, the National Board advises and assists the Secretary of the Smithsonian on issues of concern to the Institution, aids the Smithsonian in fundraising, and assists Smithsonian

efforts to enhance its public profile.

Also this winter, Executive Director Brian Thompson was appointed to two new posts. In January, he was named by Treasury Secretary Paul H. O'Neill to the U.S. Savings Bonds Volunteer Committee. In February, he was appointed to the Arts, Education and Tourism Advisory Council of the Lower Manhattan Development Corporation. **FH**

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early 1935, the Exchange seemed irrelevant."

During the next four years, the press would often use the term "dull" to describe daily market activity. Indeed, 1936 would be the last profitable year for the Exchange until 1943. By 1939, the Exchange was once again willing to swallow its pride and give advertising another chance; only this time it would ask its members to take the plunge.

On April 13, 1939, the Exchange committee on public relations reversed the exchange's longstanding ban on advertising. The new guidelines "encouraged the...use of advertising for these obvious purposes: to permit member firms to increase their business, to expand the use of by the public of the facilities of member firms, and to emphasize the many advantages to the investing public possessed by securities traded on the New York Stock Exchange and subject to its extensive listing requirement."

The use of pictures and photographs was even encouraged. *The New York Times* daily column "Topics in Wall Street" opined, "That spirit of brash adventure which...once marked Wall Street has never been evidenced in its advertising. That has been timorous... As a matter of fact, brokerage houses have been much less adventuresome in spirit than the New York Stock Exchange itself." The column related the story of a firm that once published its annual statement in comic book form but concluded that "that is possibly asking too much of the brokerage community, but a touch of surrealism might speak more than volumes."

The brokerage community was slow to react to the Exchange's new position on advertising. Fenner and Beane was the first NYSE member to test the waters with a rather drab looking ad entitled "Why A Stock

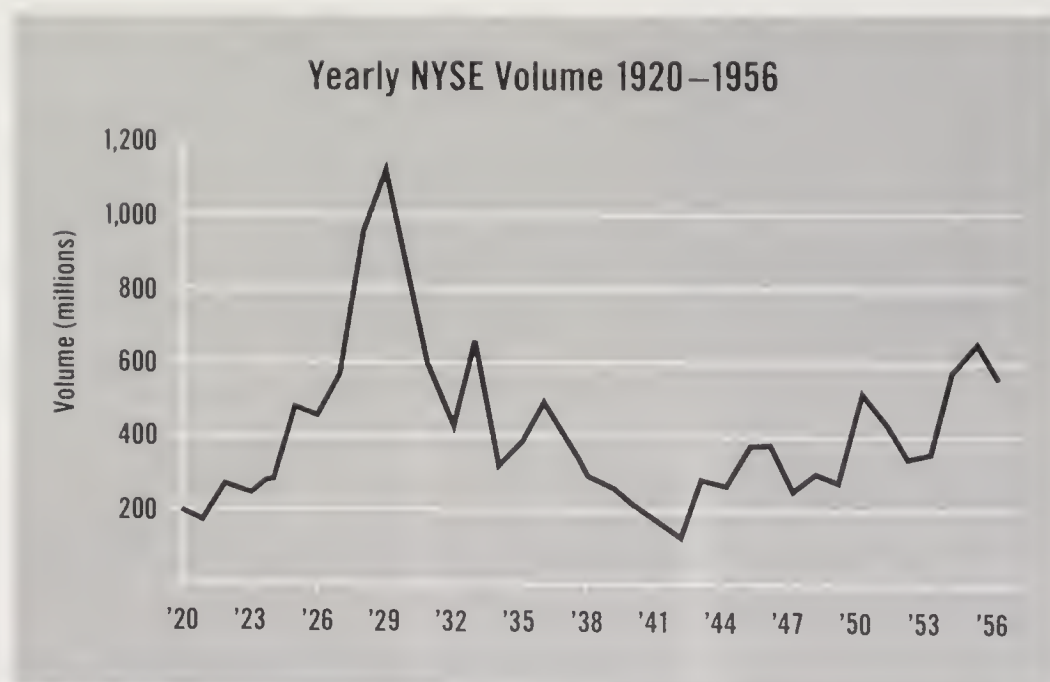
Exchange?" The ad was educational, explaining the safeguards to trading on a "recognized stock exchange." Unfortunately for Fenner and Beane, their ad campaign was about as successful as the Exchange's 1935 attempt. By 1940, Fenner and Beane's ads had taken on a note of desperation ending with the following statement: "In spite of depressions, foreign wars and economic uncertainties, no country in the world has a greater future than America."

The newly formed Merrill Lynch, E.A. Pierce and Cassett published a "Statement of Our Basic Policy" in an ad that ran on June 17, 1940. The 10 items listed in the policy were all geared towards building trust between Merrill Lynch and its customers. First on the list was the proclamation, "Our customer's interest MUST come first."

Unlike Fenner and Beane, Merrill Lynch was able to produce a significant number of new accounts in 1940, but advertising was only a small part of the overall strategy at Merrill Lynch. The firm also began a training program for its brokers and changed their title from stockbroker to account executive in an effort to better reflect

the professionalism of the position. Additionally, after careful market research and considerable opposition within the company, Merrill Lynch stopped paying its brokers on a strict commission basis and began paying them fixed annual salaries. This radical change helped align the broker's interest with that of the customer and reduced the temptation to pressure customers into increased trading activity for the sole purpose of increasing the broker's commissions. The innovations employed at Merrill Lynch allowed it to become the largest brokerage house in the nation by the end of the 1940s and positioned it to take full advantage of the healthy markets of the 1950s when trading volume increased significantly.

Charles Merrill had long been a proponent of advertising in his early days on Wall Street, and in his role as major shareholder in the Safeway grocery chain during the 1930s. He once compared the Exchange's members to R.H. Macy and noted that if Macy's had taken the same approach to advertising as the Exchange members it would soon be out of business. Though Merrill's ill health did not



Source: NYSE Daily Share Volume 1920–1956.

permit him to be involved in the day-to-day operations of the firm after a heart attack in 1944, he was an active participant in the development of the firm's marketing strategies for many years. Merrill Lynch advertising became famous for its educational focus and for using language that was understandable to the average American. The firm's legendary 1948 "What Everyone Ought to Know About This Stock and Bond Business" was one of the most influential ads ever, with more than three million readers requesting a reprint of the 6,000 word ad.

Application to Modern Finance

The Exchange's decision to allow member firms to advertise did not remedy the problems associated with low trading volume. As mentioned earlier, the Exchange itself did not return to profitability until 1943. Many brokerage houses merged or went out of business because of inactivity in the markets after the policy change. Merrill Lynch, itself the product of several mergers, achieved only modest financial results until the 1950s when annual trading volume finally broke the 500 million mark at mid-decade. Marketing and advertising, though essential, would not in and of themselves have set the markets aright. However, when combined with other efforts to reestablish trust in the market by the brokerage business and through the enactment of federal securities laws, advertising became an effective tool to get the word out to potential customers.

Wall Street's first attempts at advertising point out the importance of other business disciplines to the business of finance. The appropriate application of marketing and advertising techniques helped firms like Merrill

Lynch to revolutionize the securities industry. It would be difficult to imagine a brokerage house today without a marketing department. Merrill Lynch, for example, spent \$939 million for advertising and market development in fiscal year 2000.

Finally, the realities of a difficult business climate require us to think outside the box. In this case, we see how the securities profession was forced to rethink some of its most basic assumptions about its own image to effect meaningful change in public perceptions. Every experienced business professional knows that nothing motivates change like a string of net losses. **FH**

Brian Grinder is a member of Financial History's editorial board and a professor at Eastern Washington University. Dr. Dan Cooper is a Trustee of the Museum and the president of Active Learning Technologies.

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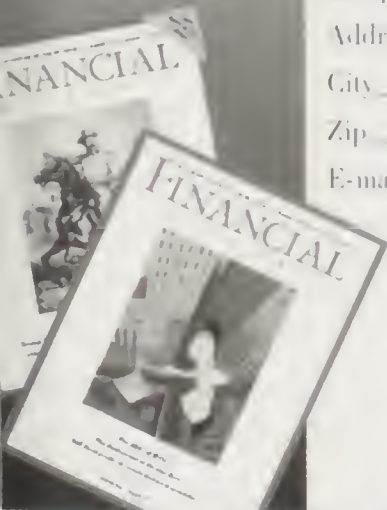
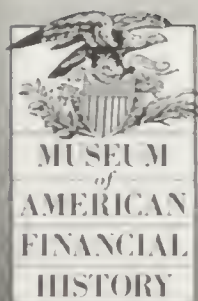
"Topics in Wall Street." *The New York Times*. April 14, 1939. p. 35.

"Why a Stock Exchange?" Fenner & Beane advertisement in *The New York Times*. May 4, 1939. p.37

Notes

1. *Caught Short*, published after the crash in 1929, sold one hundred thousand copies in its first week. The success of this book helped Cantor recoup some of the \$5 million he had lost in the crash.
2. See Goldman, p. 134.
3. Tombstone advertisements and public notices had long been allowed, but not advertisements designed to promote a members services or stimulate business.
4. Fenner and Beane would merge with Merrill Lynch in 1941 in part because of continued low trading volume on the Exchange (See Perkins pp. 167ff)
5. See Perkins p. 157.

A PENNY SAVED IS A PENNY



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might as prudently throw five shillings into the sea,

admonished Benjamin Franklin in an 18th century how-to
entitled *Necessary Hints to Those That Would Be Rich*.

Franklin's pithy homespun advice exerted an important influence on sociologist Max Weber, who published his own musings on wealth accumulation 167 years later in *The Protestant Ethic and the Spirit of Capitalism*.

Weber's well-known thesis drew a correlation between the development of capitalism and certain manifestations of the Protestant sects, particularly Calvinism. While Weber's focus was on the growth of capitalism in the northern European nations, it is easy to trace the same relationships in the United States. A distinct ethic seemed to drive the construction of new fortunes, from the dogged determination of backwoods colonial pioneers and rugged cod fishers of Massachusetts, to the persistence of Scottish railway barons and sober 19th century industrialists.

GOD HELPS THOSE WHO HELP THEMSELVES

Weber drew a direct connection between capitalism and the particular beliefs of Calvinism, although he also examined the catalysts of Puritanism, Pietism, Baptism, and Methodism. He concluded that Calvin's doctrine of predestination was the driving force behind the moral imperative to work for work's sake, rather than for the enjoyment of consumption. To reach his theory, Weber progressed through a series of steps, following the logic rooted in the mind of a Calvinist believer.

Calvin claimed that God predestined some souls for salvation and condemned others to eternal damnation. He believed that no one could alter his fate, or even know what it would be. The creed provoked a wretched anxiety and "inner loneliness" among its followers. One might be blacklisted from birth, or alternatively end up eternally segregated from one's family and friends.



Sociologist Max Weber

The pastors laid out the following set of practical approaches to help their sect cope with the strains of uncertainty:

1. Perform good works for the greater glory of God.
2. Seize and exploit opportunities given by God.
3. Work to take the mind off the burning issue of salvation.
4. Practice rigorous, systematic control all day, every day (ceremonial sacraments are not enough).
5. Achieve material success in pursuit of duty.

Business success might be a com-

forting, although not guaranteed, sign of salvation, but maybe it really does indicate divine grace.

The disparity between numbers four and five on the list indicates a spiritual desperation for more concrete assurance. Unlike his Marxist contemporaries, Weber insisted that concern for salvation mattered just as much to people as did material conditions and interests. Protestants, who were intensely concerned about the state of their souls, found themselves on a circuitous route to economic success.

Lastly, but most importantly, religion encouraged reinvestment.

Deferred gratification was a key component of the capitalist system. The Calvinists, who accepted that consumption was evil and that it was equally sinful to leave wealth idle, reinvested their earnings and watched them grow. Weber attempted to answer one of life's riddles: why does capitalism prompt people to devote their energies to acquiring more than they can enjoy?

SOME CRITICAL VOICES

It may not be a token of God's favor, but it is a sign of Weber's genius that his theory continues to elicit a flood of criticism and refinement. Many of these criticisms rest on the argument that the seeds of capitalism had already been sown, both in Europe and elsewhere, long before Calvin, or even Luther.

R.H. Tawney, for example, notes that capitalism was already alive "in 15th century Venice and Florence, or in South Germany and Flanders, for the simple reason that these areas were the greatest commercial and financial centers of the age." Tawney is also reluctant to draw such a simple and linear connection between Protestantism and capitalism, and adds that the two movements reinforced and fed on one another, as the former became influenced by the latter.

The Roman historian Amintore Fanfani joins the chorus by stating that "Europe was acquainted with capitalism before the Protestant revolt," as a "collective force, not only isolated individuals, but whole social groups." Fanfani also notes that many Protestant luminaries, including Calvin himself, condemned the activity of amassing wealth, and especially "all gain obtained at a neighbor's expense."

If Weber's thesis holds, Scotland, home of Calvinism, should have provided a propitious climate for capital-

istic enterprise to flourish. Yet, as historian Jacob Viner explains, in 17th century Scotland, both church and state adamantly opposed economic development and initiative, and discouraged commerce and industry.

THE REBUTTAL

Despite compelling arguments, Weber's critics often highlight the extent to which the original theory has been misconstrued. It must be noted that Weber never claimed that capitalism developed only in Europe and North America, where Protestantism thrived. On the contrary, Weber threw himself into an energetic search for other instances of embryonic capitalism in the ancient Chinese, Babylonian, Roman, Indian and Judaic cultures.

His comparative research led him to dismiss the concept of capitalism as one of mere greed or profit-seeking. "Acquisition, pursuit of gain, of money, of the greatest possible amount of money has in itself nothing to do with capitalism," he said. That impulse has always existed "among waiters, physicians, coachmen, artists, prostitutes, gamblers and beggars."

The type of capitalism he sought was based on a rational, organized commitment to means and ends efficiency. In the past, entrepreneurial ventures have involved intermittent undertakings, such as pirate forays, but in Weber's modern sense, the operations would be continuous and characterized by an elevated moral tone. When he described the "spirit of capitalism," he had in mind that moral aspect of work as a calling of faith.

Nor does Weber suggest that Protestantism spawned his goal-oriented system of Western business. On the contrary, he lists a plurality of elements in a complex causal chain, all of which formed a fertile conjunction. Conditions included private ownership, free labor, free markets, the sep-

aration of household and business activities, an equitable legal system, accounting, and of course, technological advances. While he claims no automatic link, he argues only as far as an "elective affinity" between the values of religion and the capitalist ethic.

If the spirit that motivates work springs from pure duty, what then of the early U.S. settlers, or impoverished 19th century immigrants who hoisted themselves up out of economic necessity? Weber would answer that the most modern form of capitalism has to a degree diverged from its original impetus. Today, the specialized division of labor compels us to work, to earn money, and to exchange for commodities. He writes, "the external goods of this world have gained an increasing and finally an inexorable power over the lives of men as at no previous period of history."

Much of the criticism aimed at Weber rests on a misinterpretation of his theory, but gaps in his reasoning remain. Had he cited correlations of how specific successful individuals applied their religious behavior to their daily business conduct, Weber's argument would have been more compelling. Weber prefers to draw his evidence from the works of 17th and 18th century writers, such as Franklin. One irony Weber might have overlooked is that Franklin was quite different from the somber paradigm he suggests. Franklin, a gourmand, notorious flirt and womanizer, thoroughly enjoyed the pleasures of food, wine, theater and sport. **FH**

Vanessa Drucker is a freelance business writer with expertise in global capital markets, securities analysis and economic issues.

Smith Kline Beecham

Xerox
Listerine SINGER

Lilly ATLAS
Du Pont

JOHNSON & JOHNSON

An Industry Within an

HERCULES

Bristol-Meyers Squibb

amgen

GENENTECH Schering

Block Drug

The Impact of
Technology
Transfer on
American
Business

*By Andrew L. Ney and
Marcia L. Rorke*

WHAT DO LISTERINE and Xerox machines have in common? Probably little, other than a somewhat obscure, but ever important, process that drives the productivity and profits of many companies, large and small.

While we know that most manufacturers spend a good deal of money to research and develop new products, few are aware that many also spend significant sums to buy the rights to the research and product development of others. It is not uncommon for one company to sell to others the rights to manufacture and sell their products — a process known as technology transfer.

A license is the most common form of technology transfer. For example, one party owns technology embodied in a product or a process that is protected by a patent and a second party

licensing the technology that they choose not to commercialize directly. Development firms and research institutions, such as universities and hospitals, license the results of their research and development to generate revenues. In alliances and joint ventures, one party might contribute technology, while the other contributes existing manufacturing, marketing, and distribution capabilities.

Technology transfer has deeply affected and continues to have significant influence on American industry. For some manufacturers, it has been the way to enter new markets or businesses. For others, licensing income has contributed greatly to the bottom line. Indeed, for some firms, licensing income has meant survival. Technology transfer has become a common, and often preferred, path to growth.

Listerine Antiseptic

In the early 1880s, Dr. J. J. Lawrence developed a formula for an antiseptic liquid that subsequently came to be known as Listerine — named after Joseph Lister, British pioneer of germ theory. The antiseptic liquid did not have a specific market. Early on, it was used as a remedy for athlete's foot and dandruff. Some people used it as a disinfectant for cuts and abrasions. During Prohibition, some people even drank it as a beverage for the alcohol it contained.

Unable to successfully sell the product himself, Lawrence disclosed the formula of the antiseptic liquid to J.W. Lambert, who manufactured and marketed the product and paid Lawrence sales royalties. When Lambert began marketing the antiseptic liquid as a mouthwash for preventing bad breath, the market exploded.

By 1959, Lambert's firm had become Warner-Lambert and, with Listerine, sales continued to grow. Royalty payments to the heirs of Dr. Lawrence exceeded \$1.5 million per year and, by 1996, royalty payments exceeded \$3 million annually.

Singer Sewing Machine

By the mid-1800s, about 900 patents had been issued on sewing machines, their parts, and their improvements. In a growing nation with an enormous labor shortage, the need for reliable, reasonably-priced sewing machines was clear. Some of the patented machines worked, more or less, but all needed at least one component patented by another. Therefore, patent litigation became a tool for inventors to establish a revenue stream.

In 1856, the major patent holders met in an effort to resolve the patent infringement issues. They created a patent pool that allowed members, namely the patent holders, access to patents in the pool when they paid a royalty. For each sewing machine sold, the manufacturer paid one amount to those who held the fundamental patents and another amount to the holders of patents for components. The pooling agreement did not set prices. The marketplace provided for fair competition with sales based on the merit of the products.

Singer dominated the market within a short period of time. It employed novel marketing techniques for the day, initiated a time payments system, and quickly began selling sewing machines off shore. By 1917, Singer was the 17th largest firm in the United States with \$113 million in revenues.

The Du Pont Company

In 1902, the year Du Pont Company celebrated its centennial, the firm found itself without a leader, and the founders' heirs were prepared to sell the company. The explosives business had grown as the nation expanded westward building canals and railways, blasting tunnels, excavating mines, and fighting wars.

Three grandsons of the founder, Eleuthère Irénée Du Pont, came together to buy the firm. However, the poor accounting standards of 1902, discrepancies over who owned stock in the firm, and confusion over what

Industry

wants to commercialize that technology by acquiring knowledge relating to the patent. In such a case, the second party “rents” or “leases” the knowledge and patent through a license for the purpose of creating wealth and, in return, makes license payments to the first party.

Companies may transfer technology for a variety of reasons. Manufacturers seeking to expand a product line, diversify into a new area, or improve a manufacturing method achieve their objectives by acquiring licenses to make the new products or put the improved method into practice. Some manufacturers enter foreign markets by licensing their technology to a manufacturer in that market. Rather than let technology go unused and languish on their shelves, many manufacturers generate revenues by



Eleuthère Irénée Du Pont, founder of the Du Pont Company.

stock family members owned in other firms created a significant challenge of valuation. As they sorted through the ownership issues, they concluded they should buy all of the Du Pont stock they could, as well as stock in explosives firms in which the Du Pont family held significant ownership.

The new managers made such good progress that they attracted the attention of the government. An anti-trust lawsuit was brought against Du Pont on the basis of its ownership and control of the explosives market. After lengthy litigation, the Supreme Court ruled that Du Pont would license its technology and divide its markets with two other chemical companies —

Hercules and Atlas. Recognizing the limitations imposed by the ruling, management determined to diversify into new markets.

Du Pont acquired European patents for products which used chemical feedstock and were made by processes similar to those employed by Du Pont. Du Pont rapidly entered the paint, cellulose, and dye markets, among others. Subsequent to the 1911 Supreme Court decision, Du Pont revenues grew to \$270 million by 1917 and reached \$1 billion by 1945, largely due to the diversification achieved by purchasing and licensing the technology of others. Today, Du Pont continues to license outside technology.

Xerox

In the 1930s, Chester Carlson strove to produce a dry “electrostatic copy machine” to replace carbon paper and messy liquid-process copying machines. Like many independent inventors, Carlson worked diligently to perfect his invention, filing several patent applications along the way. When he ran out of money in 1944, Carlson approached Battelle Institute and proposed to sell 60 percent of future licensing income in return for \$3,000. As part of the agreement, Battelle cooperated with Carlson to complete his technical work. This cooperation resulted in the issuance of more than 150 patents.

Haloid Company, seeking new markets and products, was intrigued by the Carlson innovation and approached Battelle to gain rights to the intellectual property associated with the technology. Battelle and Haloid entered into a limited license agreement in 1948 under which Haloid agreed to further develop and commercialize Carlson’s work. In 1955, the parties entered into an exclusive license.

In 1959, when Haloid changed its name to Xerox, the Xerox 914 copier was introduced, generating \$33 million in sales that year and \$65 million in 1960. Xerox — from the Greek word for dry — copiers have achieved great commercial success, with Carlson and Battelle sharing over \$1 billion in licensing payments.

Block Drug Company

Block Drug Company is a 94-year-old multinational firm that is relatively unknown outside its markets. It has established a leading position in many health care markets by identifying and buying rights to products with specific characteristics for selected niche markets.

The founder, Alexander Block, started in business by buying a drug-store in 1907. He then moved into wholesale distribution and manufacturing. The strategy of buying rights to

manufacture and sell products, such as BC (headache powder), Goody's (headache powder), Beano (antiflatulant), Balmex (diaper rash ointment), Targon (smokers' mouthwash), Atridox (periodontal treatment), Perioglas (bone regeneration treatment), and many others contributed greatly to the growth of Block Drug. In 1971, Block Drug went public and, in 2000, the company was purchased by Smith Kline Beecham for \$1.24 billion.

University Technology

The U.S. government funds research conducted by universities, hospitals, and non-profit research institutions who, by federal law, own the technology that comes out of their research. Much of this technology is licensed, sometimes in return for license payments and sometimes in return for equity positions in the companies that are licensed.

According to a survey conducted by the Association of University Technology Managers, the members of which are responsible for commercializing technology developed by universities, hospitals, and other research institutions, more than 2,000 products would not have been available in 1999 if not for the licensing of technology developed by these institutions. Such licensing added more than \$40 billion to the U.S. economy and supported 270,000 jobs in 1999.

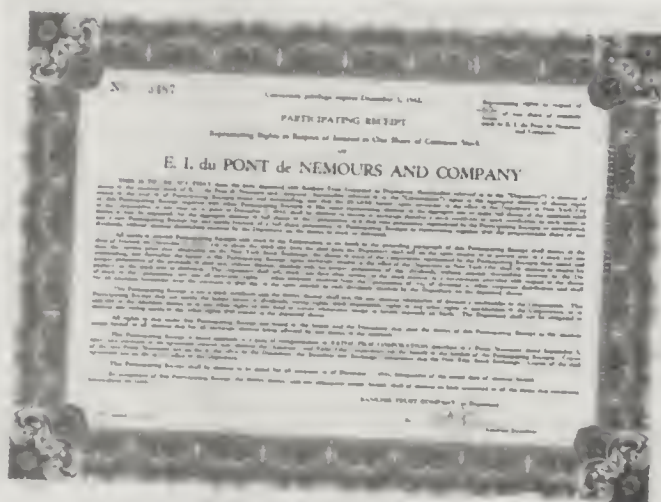
Basic gene splicing technology was developed by researchers at Stanford University and the University of California. By licensing this technology to 478 companies (90 percent of which are U.S. based), more than 2,400 products have been developed resulting in over \$250 million in licensing income. Among the companies licensed are Amgen, Genentech, Johnson & Johnson, Lilly, and Schering. Among the wide variety of products sold by the licensees that have produced licensing income are erythropoietin, a protein that stimulates the

production of red blood cells and is used in the treatment of anemia associated with renal failure for patients on dialysis; tissue plasminogen activator, a clot-dissolving enzyme used to prevent damage to heart muscle following a heart attack; and human growth hormone. Taxol (paclitaxel) was characterized by the National

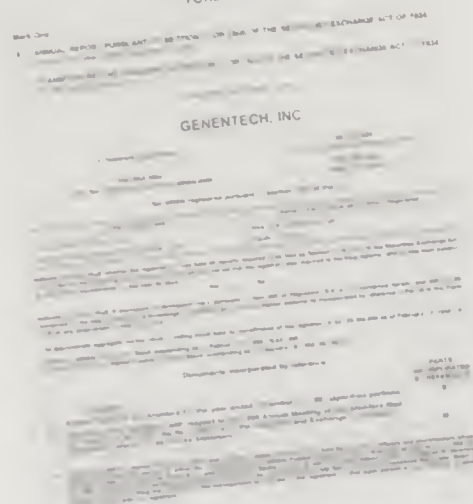
the tree. With continued funding by the National Institutes of Health, total synthesis was achieved in two years. Bristol-Meyers Squibb was licensed and began production in 1992. In 1998, the Taxol drug was the leading anti-cancer drug of Bristol-Meyers Squibb with worldwide sales in excess of \$1 billion.

Researchers at Brigham Young University developed a digital hearing aid that can be customized to overcome an individual's hearing impairment and is also able to suppress background noises. This hearing aid uses advanced digital signal processing algorithms that incorporate mathematical models of human physiological hearing mechanisms and allow sound to be broken into nine frequency bands. Sonic Innovations was granted a license in 1994 to market the hearing aid and through 1999 had sold more than 200,000 units under the trademark Natura.

This way of doing business — whether to enter a new market, establish or enhance an equity position, or contribute to earnings — has had a significant impact on American industry. There are more than 10,000 members of the Licensing Executives Society International, about 4,700 in the United States alone, busy doing such deals every day. **FH**



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K



Top: Warrant for shares in the
E.I. Du Pont Company, December 1, 1941.
Bottom: Prospectus from the Genentech, Inc.
IPO, February 13, 1998.

Cancer Institute in 1999 as the most important cancer drug in 15 years. The active compound was discovered in the 1970s in the Pacific yew tree. In 1991, a Florida State University chemist synthesized paclitaxel using material from the needles and twigs of the more common English yew that could be removed without destroying

Andrew L. Ney is a shareholder of the law firm of Ratiner & Prestia. He is a member of the Licensing Executives Society USA and Canada and the American Intellectual Property Law Association. Marcia L. Rorke founded Mohawk Research Corporation in 1979. She consults regularly on technology management, investor incentive, and product development issues.



THE MEN Who Would Be KING

By Claudia La Rocco

THE BIGGEST BUSINESS failure to date in U.S. history. Political contributions in exchange for special treatment. Long, convoluted investigations into endless paper trails that seem to lead nowhere. Disgraced executives and ruined investors. Today's headlines are a re-run.

Long before Kenneth Lay became a hated household name and Arthur Andersen clients began running for the hills, Samuel Insull, Richard Whitney, and Charles Keating were bilking investors out of millions, infuriating investigators, embarrassing politicians, and forever endearing themselves to headline-hungry journalists.

POWER TRUST

"What I did, when I did it, was honest; now, through changed conditions, what I did may or may not be called honest. Politics demand, therefore, that I be brought to trial; but what is really being brought to trial is the system I represented."

— Samuel Insull¹

Samuel Insull was involved with electricity almost from its creation. The British-born entrepreneur became Thomas Edison's private secretary in 1881, two years after Edison invented electricity and a year before he completed the first electric power plant in New York City.

Small wonder, then, that the endlessly energetic Insull would become ruler of the nascent power business, building a utilities empire with combined assets in excess of \$2 billion at its height in 1930. Comprised of five holding companies (Middle West Utilities, with 111 subsidiaries, the largest), the Chicago-based network produced a tenth of America's electricity.

Insull constantly worried about outside threats, particularly from his nemesis, the New York banking establishment, which had long been frus-

Left: Samuel Insull passing through the gates of Cook County Jail at the time of his trial.

trated by its inability to cash in on the Insull network. To this end, in 1928, he created Insull Utilities Investment (IUI), an investment trust that bought shares of Insull companies. The money needed to make the venture work came from stock transfers from

soon created a second trust, Corporation Securities Company of Chicago. With partial ownership of the two holding companies — which, in turn, held a significant percentage of each other's stock — Insull's control appeared complete.



Richard Whitney, former vice president of the NYSE. April 11, 1932.

his existing holding companies and from the public — throughout his career, Insull tirelessly solicited large numbers of small investors. IUI stocks soared, rising from an initial offering of \$12 to \$150 by the spring.

To further protect his interests and needing more money to finance his ever-expanding power network, Insull

But if interconnectedness was Insull's strength, it was also his Achilles' heel. The ongoing transfers of stock and money, though not illegal, created a complex pyramid that was, in the end, ridiculously easy to topple.

Until 1930, Insull had been able to conduct business without the help of New York financiers. But in mid-

1930, he was forced to borrow \$20 million when his Chicago bank couldn't come through on its promise to finance a deal. New York had its long-sought foothold, just as Insull stocks were starting to suffer the effects of the Great Depression. In 1931, unable to cover his loans and faced with Wall Street's collective cold shoulder, Insull could only watch as his power companies knocked each other down like dominoes.

Thousands of small investors were ruined. Vanquished, Insull quietly left the country — but not for long. In October 1932, investigators charged him with violation of bankruptcy law, embezzlement, and mail fraud, and launched a 19-month struggle to extradite the utilities tycoon, who had fled to Greece. In the spring of 1934, he was finally extradited and made to stand trial. The verdict was innocent on all charges.

But his reputation was ruined, and Insull again left the country. He died of a heart attack on the Paris Metro on July 16, 1938. His wallet was promptly stolen.

FALLEN KNIGHT

"The Exchange's refusal to pay heed to popular demand for reform was, [Richard Whitney] declared, simply a manifestation of 'courage to do those things which are right, regardless of how unpopular they may be for the time being.'"

— Ferdinand Pecora¹

It was October 24, early afternoon on Black Thursday. The market was crashing and the floor of the New York Stock Exchange was panicking. Suddenly, Richard Whitney, the Exchange's vice president, placed a bid for 10,000 shares of U.S. Steel at \$205 a share — \$5 higher than the stock's offering price. He then proceeded to place similar bids on other blue chips. Confidence returned to the floor, the crash halted, and the media had their

Museum of American Financial History

hero. Richard Whitney was Wall Street's White Knight. The next spring, Whitney became president of the Exchange, a post the head of Whitney & Co. served for five years.

Three years later, in 1938, Whitney & Co. was suspended for insolvency,

Whitney seemingly had it all. A good marriage, a country estate and a city townhouse, membership to all the right clubs (including the New York Yacht Club where, while treasurer, he stole bonds to use as pledge against a personal loan). But ironically, Whit-

mentioned here, Whitney's victims were all, like him, members of society's upper crust.

In another marked difference, Whitney was quick to admit wrongdoing — so quick, in fact, that the papers speculated he was protecting Wall Street cronies, particularly J.P. Morgan & Co., which had close ties, both business and filial, to Whitney & Co.

Though he never stonewalled after being accused, during his tenure as president Whitney was the Exchange's major mouthpiece when it came to protesting governmental interference. During congressional hearings, Whitney loftily rejected any notion that outside monitoring — in the form of the newly created Securities Exchange Commission — was needed. His humiliating downfall (exposed by an Exchange audit that would not have occurred had it not been for pressure applied by the SEC) made it much harder for the Old Guard to defend itself against outside "interference."

Whitney was paroled after serving three years and four months. He died in 1974 at the age of 86, having lived out his life quietly. His family stuck by him, eventually paying off the hundreds of thousands he owed at the time of his bankruptcy.

SMOOTH OPERATOR

"Never have so many taxpayers and institutions suffered so much from so few."

— Charlie Keating³



Charles Keating, owner of California's Lincoln Savings and Loan Association, being sworn in before the House Banking Committee, which was investigating the thrift's failure. Keating refused to testify, saying, "I respectfully exercise my constitutional prerogative and refuse to answer questions."

and Whitney himself was headed to Sing Sing Prison, sentenced to 5–10 years for grand larceny. The White Knight had tumbled off his charger in spectacular fashion.

The Harvard educated son of a prominent Boston banker who could trace his lineage back to the Pilgrims,

ney was no good with money. Descending ever further into personal debt, he used his business connections to maintain solvency, embezzling both Yacht Club and New York Stock Exchange funds and even taking money from his father-in-law's estate; unlike the other business scandals

Thousands of retirees bilked out of their life savings, tarnished senators, a defiant executive—the media couldn't believe their luck.

Nor could the retirees, many of whom saw their golden years irreparably dimmed by the 1989 collapse of the California-based Lincoln Savings and Loan Association.

In the early 1980s, the entire savings and loan industry was on the verge of



Certificate for 50 shares in the Commonwealth Edison Company made out to, and signed by, Samuel Insull in 1910.

collapse. Hoping to avert catastrophe, the government further deregulated the industry and urged commercial banks and the remaining solvent S&Ls to buy those beyond repair. Phoenix-based home-building company American Continental Corporation took the bait. With its chairman and largest shareholder Charles Keating at the helm, ACC acquired Lincoln S&L.

Less than a decade later, on April 13, 1989, ACC declared bankruptcy. The following day the government seized Lincoln and handed taxpayers a bill for more than \$2 billion.

The biggest bank failure in history inevitably led to congressional hearings, during which Keating laid the blame on the strangling effect of vindictive regulators. Not surprisingly, Edwin Gray, former head of the Federal Home Loan Bank Board, disagreed and, furthermore, testified that several senators had leaned on his investigators.

Gray's testimony, combined with the revelation that Keating had contributed over \$1.3 million to these senators' campaigns, led to further investigations. The Senate Ethics Committee eventually focused on the infamous

Keating Five—Allan Cranston (D, CA), Dennis DeConcini (D, AZ), John Glenn (D, Ohio), John McCain (R, AZ) and Donald Riegle (D, MI).

Though all five were revealed to have acted improperly, the committee recommended full senatorial censure of only Cranston, Keating's largest beneficiary and most active advocate. The Senate declined to act, but Cranston's legacy was set, along with the stain on the reputations of his four colleagues.

Meanwhile Keating, defiant to the end, was nonetheless convicted of securities fraud. He served a little over four years in prison before the charges were thrown out on appeals.

WHICH BRINGS US TO...

As the biggest bankruptcy in U.S. history, the widening Enron scandal certainly seems to dwarf its notorious predecessors. For the Enron employees who watched helplessly as their company's plummeting stock price emptied their savings plans, it is certainly big enough.

But if history tells us anything, it is that adjectives like "biggest" and "worst" are fleeting when it comes to

scandal. Sadly and inevitably, there will be other, bigger Enrons headlining the evening news. Committees will be formed, legislation passed, executives jailed. And, of course, there will be many more investors left with many fewer dollars. **FH**

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By Sanford J. Mock

VIOLENCE, MASSACRE, and fanaticism are indigenous to Palestine, the portion of the Middle East now, and seemingly forever, in flaming ferment. Long before the Christian era, the armies of Nebuchadnezzar destroyed King Solomon's Temple.

The Romans sacked and burned Jerusalem in 70 A.D. and disbursed the Jewish population to the far corners of the Roman Empire. But some filtered back, forever clinging to the need for their spiritual homeland.

A thousand years ago, the Knights of the First Crusade conquered Jerusalem,

and in the process slaughtered its Muslim and Jewish inhabitants. This bloodthirsty Christian fanaticism perhaps recreated the fanaticism of some professed adherents of Islam, as the Western world has already seen all too painfully this century.

In the latter part of the 19th century, Palestine was part of the Ottoman Empire, under control of the Sultan of Turkey in Constantinople. The Sultan made a fatal decision for his regime by joining the German coalition in World War I. After the Allied victory, the League of Nations awarded a mandate

to Great Britain to become an international trustee with the authority to govern Palestine. Earlier, a growing number of East European Jews began looking to Palestine as a haven, with a fervor born of despair with governments that had made anti-Semitism official state policy.

In 1882, a group of young men, mostly students, gathered in Kharkov, Russia and formed the "Lovers of Zion." Their public announcement declared, "Everywhere we are rejected...we are considered aliens. Is all hope really lost? Oh, no! Judea

shall rise again...Let us forsake our lives in foreign lands and stand on firm ground in the land of our forefathers." This was the opening year of Zionist colonization efforts.

In the two decades that followed, 39 different colonies with a total of 5,000 people were founded in Palestine, heavily subsidized by Baron Edmund de Rothschild of Paris, the only one of his famous clan of financiers who showed an interest in a Jewish homeland.

As this movement began, a young Jewish law student, Theodor Herzl, was attending the University of Vienna. Herzl was a conservative believer in aristocratic government. He was a thoroughly assimilated Jew, but largely ignorant of Jewish traditions. Letters, not law, were his real interest.

By 1895, Herzl was a foreign correspondent for Vienna's leading newspaper. In that role, he was sent to Paris to cover the treason trial of Captain Alfred Dreyfus, the French army officer accused of giving military secrets to the Germans. This trial and its aftermath dragged on for 12 years. It profoundly affected the social and political landscape in France, polarizing left and right for a generation thereafter, and had an equally monumental effect on Herzl. In the early years of the trial he was appalled by the unabashed demonstration of anti-Semitism throughout a large segment of French society. This hatred against Jews so shocked and overwhelmed him that he came to believe a separate homeland for all Jews was the only solution.

Herzl's proposal was greeted with both stern rebuke and approval. Many orthodox Jews opposed the idea of a separate state, which they saw as an attempt "to force the hand of God," although Herzl never contemplated the use of force to found his state. Ingenuously, he thought it possible to bring Jews peacefully as a second nation into a country already populated by another.

But the survivors of the periodic

pogroms of Eastern Europe were fast becoming imbued with the hope for escape in Zionism. In 1871, 15 years earlier, a murderous attack on the Odessa ghetto marked a turning point in emigration. During the next decade, more than 60,000 East European Jews fled to the West, 40,000 of them to America.

At Easter-Passover time in 1891, more than 20,000 Jews were suddenly ordered to leave Moscow forever, bereft of home and livelihood. The reaction of the East European Jews who remained was one of approaching doom. Thus, Herzl's message of hope in "The Jewish State" crystallized their longings. At first, however, there were serious misgivings about Herzl, who initially had not even wanted Palestine as the sanctuary. After all, this sophisticated, Westernized upper-class intellectual came from a totally different milieu. Still, the Easterners understood that this man had recognition, stature, and influence in Gentile, as well as Jewish, society.

His intelligence, his organizing ability, and the charisma of his strong personality won them over. Herzl

became the leader and principal spokesman for the World Zionist Movement. The first Zionist Congress opened in Basel, Switzerland in August 1897, with Herzl as president. Two hundred delegates attended, a quarter of them from Russia.

Herzl gave practical, specific details about emigration, land purchase and house building, and a description of the manual work, education, and social life to be expected.

In November 1897, in *Die Welt*, the first official Zionist weekly magazine, Herzl proposed creation of a financial institution to aid in development of the new state. This led to the incorporation in London on March 20, 1899 of the The Jewish Colonial Trust (JCT), Palestine's first Jewish bank. The plan was to raise £50 million, starting with a capitalization of £2 million, from which a required loan of £1.5 million to the cash-short Sultan would be made. The Trust was structured with 100 founder shares at £1 each. The founders constituted the Council, which chose a board of 23

members of the Zionist Action Committee, spread throughout Europe. The Council had equal voting rights with the directors. In addition, two million £1 share warrants were offered, entitling the holder to one "ordinary share," valued at £1.

Herzl modeled the company after the great European colonial banks of the time, which focused on the overall economic development of the area. This would not be an institution offering regular commercial banking services. Rather, the bank would finance various companies and sell bonds and shares for them while retaining control. The overall goal would be to grow the infrastructure of Palestine, while making a profit and paying dividends at the same time.

Herzl assumed the task of the initial fundraising, which turned out to be an unexpectedly high hurdle. Unfortunately, he had made a serious and uncharacteristic blunder by antagonizing the two great European Jewish philanthropists, Baron Rothschild and Baron Maurice de Hirsch. Herzl cast aspersions on the accomplishments of their philanthropy versus the presumably more productive, business-like profit making approach he anticipated for the Jewish Colonial Trust.

They refused to invest, and so did the other wealthy Jewish banking families. Without their help, Herzl was unable to reach his capital goal. He then turned to the masses. He conceived the ingenious idea of ordinary people putting coins in a family collection box, not for the usual custom of raising charity, but to buy shares in the JCT.

More than 100,000 people purchased shares, mainly in Russia and Eastern Europe. Most holders bought just one share, and only 500 held 25 or more shares. After three years, the new bank still hadn't raised 250,000, the legal minimum to start operations. This was a huge disappointment to Herzl, who realized that another approach was necessary.

Influenced by David Wolffson, a professional banker, Chairman of the

Board of the Jewish Colonial Trust, and Herzl's trusted lieutenant, the JCT adroitly created a subsidiary in 1902, the Anglo Palestine Company (APC). The APC was also incorporated in London, but with offices in Palestine. Herzl still believed that eventually, the necessary capital to negotiate the charter with the Sultan would be raised, but in the meantime the JCT had enough funds to start the subsidiary.

Directors of the two entities were

the main seaport and trade center, and it was under direct control of the Turkish Ministry of the Interior.

In 1904, a year after the APC began operations, the Turkish government relaxed previously imposed restrictions on immigration. This came at a critical time for Zionism, because another wave of pogroms swept across Russia in 1903. Turkey's raising of the gate, albeit temporarily, permitted survivors entrée.



Courtesy of Bank Leumi le-Israel

David Ben-Gurion proclaims the independence of the state of Israel on May 14, 1948.

the same. They were from various countries, but the center of influence was London. The chain of command placed the Zionist Actions Committee effectively controlling the Founders Council. The Council, in turn, controlled the JCT, which was in charge of the new bank, the APC.

At the top of this complex structure was Herzl. His constant interference in operations caused dissension, which probably contributed to his loss of support in the developing Zionist organization.

The directors chose Jaffa as the site for their first office in Palestine. It was

Herzl's influence, as well as his health and vigor, had been declining. He died in 1904, just as the second wave of emigration was under way. To the end, Herzl believed that his failure to raise the proposed initial capital for the JCT was the cause of his decline in power.

The Jewish population in Palestine was then about 50,000, double what it was in 1880, representing about 10 percent of the total population. The main source of subsistence for the Jewish community was traditionally the distribution of charity. Funds were gathered from Jews throughout the world. This was much-needed help for



Courtesy of Bank Leumi le-Israel



Courtesy of Bank Leumi le-Israel

Top: Dr. Chaim Weizmann takes the Oath of Office for the Presidency of Israel on February 17, 1949. Bottom: General Allenby's entrance to Jerusalem.

insect-ridden coastal plain was owned in absentia by wealthy Arabs who were willing enough to sell to the Jewish farmer immigrants. When the influx of foreigners reached a level that began to alarm the Arab establishment, these same landowners continued to sell to the newcomers covertly.

The first manager of the APC office was a director of the JCT, Zalman D. Levontin, who had come to Palestine 20 years before in the first emigration. After two years of laboring on a farm, he returned to Russia, disappointed and disillusioned.

Levontin guided the new institution in its early years of growth, financing land and equipment purchases, home building, and personal loans for new settlers. But his first major problem was to obtain formal recognition for the bank.

The Turkish government realized that the bank's role was to further the

Foreign Office, via the British ambassador in Constantinople.

When Levontin opened the Jaffa office, his first concern was security. A uniformed guard slept across the doorway, and Levontin slept inside to protect the cash box. The bank flourished under Levontin's direction, but with control still exercised by the JCT in London. Funds came to the APC from the JCT, local deposits, and Zionist foundations around the world.

Branches were opened in Jerusalem, Haifa, and other cities, specializing in short-term lending. As many as a third of the customers were non-Jews. The sums involved, by any modern standard, were minuscule. At the end of 1913, outstanding credits were only £350,000. Assets were £588,000.

The APC struggled as the economy deteriorated and foreign capital was cut off. Compounding the problems, a plague of locusts swept the land in the spring of 1915, destroying most of the agricultural crop. In 1916, the Turkish army confiscated livestock and provisions, and deaths from starvation in Jerusalem alone were estimated at 300 a month in 1917.

British forces in Egypt began an offensive into Palestine in 1916. General Sir Edmund Allenby reached Jerusalem, and control of Palestine remained split until the war's end. By 1918, the Jewish population had fallen to some 60,000, about 10 percent of Palestine's total and not much more than it was at the turn of the century.

The APC survived the war, but in weakened condition. In 1930, it changed its name to the Anglo Palestine Bank Limited, a subsidiary of the Jewish Colonial Trust. From its small beginnings, it was now the largest banking organization in Palestine. The JCT functioned from then on as a holding company, not a bank, with most of its assets invested in the Anglo Palestine Bank.

In 1931, Dr. Chaim Weizmann openly opposed the idea of a Jewish state, and he resigned as president of

the older community, who eked out an existence engaging in handicrafts and trade. The new pioneers, mostly young, unmarried idealists, were anxious to earn their living from the land.

Most of the undesirable, swampy,

Zionist program of colonization. They feared that this could overrun the country if not suppressed, and the local governor ordered the bank to be closed. The APC could operate only through the intervention of the British



Elias Boudinot

Courtesy of R.M. Smythe & Co., Inc.

ELIAS BOUDINOT was arguably the first President of the United States. He was definitely one of this nation's premier patriots, a man who participated in the fight for independence reluctantly yet honorably. When the fighting was over, he served the young country of America yet again as a congressional delegate. He then straightened out the operation of the fledgling U.S. Mint.

Early Days

Boudinot was born in Philadelphia on May 2, 1740, and for the first seven years lived next door to an ambitious printer and novice inventor named Benjamin Franklin. But because Franklin was several years older than Boudinot, the two never struck up a friendship.

Around 1753, the Boudinot family moved to Princeton, New Jersey, where young Elias was raised. He made the

acquaintance of Hannah Stockton, who was nearly four years older than Boudinot and a member of the family that owned Morven, the large Princeton estate that later became the official New Jersey governor's residence.

In 1760, young Boudinot was licensed to practice law, and two years later he and Hannah were married. With the typical industry of youth, Boudinot worked hard at building his practice, but already events were occurring that would reshape his life, such as his denouncement in print of the onerous Stamp Act in 1765.

Gradually, the temperature in the Colonies rose to the point of war with England. Boudinot, who was prospering, was torn between counseling reconciliation with Great Britain so that war would not hamper his business dealings, and advocating outright rebellion for the many abuses of the British. He finally chose rebellion.

War Service

When war did indeed come, Boudinot accepted the post of Commissary General of Prisoners. In this capacity, he was supposed to ensure that American prisoners of war were being well cared for by the British. He was also responsible for arranging the care of enemy prisoners held by the Colonials. George Washington added another duty, and that was to gather whatever intelligence he could whenever he was behind enemy lines to check on prisoner conditions.

Besides enabling Boudinot to foster a lifelong friendship with Washington, the job was a thankless one. He never had any money to purchase supplies for American prisoners who had been ill-treated by the British except worthless Colonial script, and arranging for the care of enemy prisoners was difficult because he toiled for a revolutionary government that could scarcely support its own army. Desperate, the sympathetic Boudinot often used his

became a member of Congress, now operating under the ineffective Articles of Confederation. He served out his term and was actually packing to leave the government seat of Philadelphia when he was notified that he had

Forgotten Patriot

By Russell Roberts

been re-elected to Congress by the New Jersey State Legislature.

More distressing news was to come his way. He had already resolved to skip the 1782–1783 winter session of Congress when he was told he had been elected its president. Under the Articles of Confederation, the president of Congress functioned as the chief of state. Thus, instead of returning to his beloved home, he was forced to remain in Philadelphia and to hurriedly arrange for his wife to join him. Boudinot was in the top congressional seat when news came, in early 1783, of the negotiated treaty that officially ended the American Revolution. Some people call him the first “President of the United States” as recognized via the treaty – under the Articles of Confederation.

Fixing the Mint

After his congressional term, Boudinot had to request that he not be re-elected. He was eager to return to his private life. His request was granted — for a time — and Boudinot amassed a considerable fortune in business and land holdings. But Boudinot had another service to perform for his country.

In 1795, after more time in Congress, he was asked to investigate the operation of the U.S. Mint in Philadelphia, which had been greatly criticized for inefficiency since its founding three years earlier. Much to his dismay, he found himself being asked to take over as director. A frustrated

Boudinot protested, “I retired from Congress with a determination to end my life in peace.”

Nevertheless, Boudinot accepted the appointment and proved an able administrator. He established rules of conduct for the employees and ran the mint in a business-like manner, ending much of the waste, fraud and corruption that had plagued it earlier. He also guided the mint through several emergency closings when the entire city of Philadelphia was shut down by yellow fever epidemics.

But Boudinot was frustrated with appealing to Congress to implement other ideas to improve the mint’s efficiency. He wanted depositors to share the cost of refining impure bullion that they provide, instead of the mint having to shoulder the entire burden. He also wanted to stop the wasteful practice of processing all bullion as it came into the mint. Better, he thought, to stockpile bullion when market forces drove the price down, so that the mint did not have to purchase bullion when the price was high. Both of his ideas were ignored.

In 1801 and 1802, Boudinot had to fight off some serious attempts by Congress to abolish the mint. The mint was cramped for space, relied on old-fashioned horse power to run the machines, and had other technical problems. In particular, Congressman John Randolph of Virginia attacked the mint.

“Notwithstanding all the issues of the mint, no member sees a coin,”

sneered Randolph. Others disagreed, but it was true that a serious coin shortage, due to the facility’s many technical problems, hampered the mint tremendously.

Schemes such as importing coinage from Europe were advanced. Only through persistence and the realization that a sovereign nation needed its own system of producing money did Boudinot and others beat back attempts to legislate the mint out of existence. It is not inconceivable that without Boudinot’s spirited defense of the institution, the mint would not exist today.

Later Life

After 10 years as director of the mint, Boudinot resigned in 1805. President Jefferson was glad to see another loyal Federalist out of the federal government, but his colleagues at the mint were sad to see Boudinot leave.

Subsequently, Boudinot, who settled in Burlington, New Jersey, was instrumental in founding the American Bible Society. He died on October 24, 1821. **FH**

Russell Roberts is a full-time freelance writer whose work has appeared in more than 150 national and regional publications. He is the author of seven non-fiction books, and he resides in Bordentown, New Jersey.

Blood, Sweat and Tears: The Evolution of Work

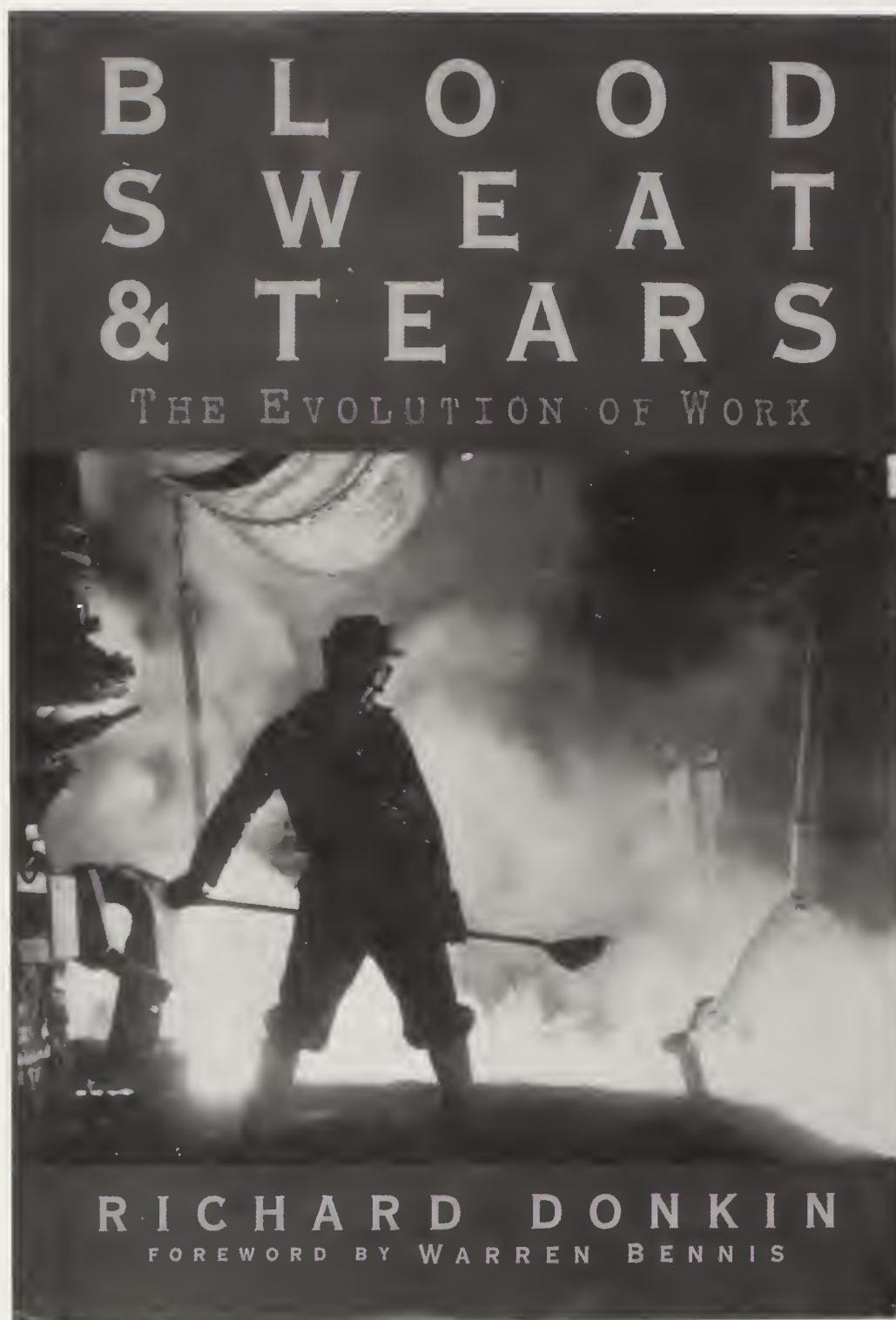
By Richard Donkin, *Texere*, 2001

Reviewed by Ellen Jovin

IN *BLOOD, SWEAT AND TEARS*, the *Financial Times* writer Richard Donkin surveys the history of work, and much of it is not a particularly happy one. Among the work-related horrors he details are slavery, child labor, and grinding poverty unrelieved by grinding hours. Not rising to the level of tragedy, but nonetheless pernicious in Donkin's eyes, is what he regards as a too-common faith in work for work's sake. While workaholism has led to achievement, for many it has also resulted in unhappiness and a lack of fulfillment.

"Work can be stressful and taxing and boring and painful, but it can also be fun," writes Donkin. Unfortunately, he suggests, many people seem to focus more on the former qualities than the latter. Much of the problem he attributes to the profound influence on Western society of the Protestant work ethic—"an ethos that has defined work for many people for hundreds of years, creating the belief among most of us that work is toil, that it is actually something we would rather not be doing but that we know we must do." (see related story, p. 13)

To dispel misconceptions about the historical homogeneity of work, Donkin offers various examples of how it has varied over the centuries and from one culture to the next. The job as most of us have known it—"that neat package of work," he terms it—is a relatively recent arrival. He places the genesis of "the job" some 200-300 years ago, against the backdrop of an increasingly industrial society, when it began evolving from more haphazard origins as "a piece of work



that needed doing to something that began to be perceived as a constant source of employment and income packaged by the parameters of time." The result was a growing number of regularly paid employees, compen-

sated on the basis of somewhat steady employment. The symbolic timecard had been punched.

That shift was reflected in new and different types of jobs. Take the "knocker upper," for instance. As

TRIVIA QUIZ

How much do you know about financial history?

By Bob Shabazian

houses clustered increasingly around labor-hungry factories, knocker uppers ensured that everyone stuck to the schedule by “rap[ping] the bedroom windows of shift workers with a long pole in order to get people out of bed.”

Naturally, the mere fact of being awake was not in itself sufficient. Many people have devoted themselves to the study of workplace efficiency, and a strength of Donkin's book lies in its accounts of the various strategies deployed to increase worker output. In 1915, for example, Western Electric was a pioneer of occupational psychometric tests, which it used to evaluate the relative merits of 15 engineering graduates. “Scientific management” advocate Frederick Taylor believed in the importance of recruiting the fastest, most competent workers, and also battled “soldiering,” a term describing the oft-observed tendency of a worker to devote “a considerable amount of time to studying just how slowly he can work and still convince his employer he is going at a good pace.”

The desire to get a job done regardless of the costs has had many tragic human consequences. Donkin explores the perversion of work in some of the darkest periods in human history, from the institution of slavery in the United States to the use of slave labor in Nazi Germany and Stalin's gulags.

Many so-called advances have also had dark sides; a frequent companion to the innovation of the Industrial Age was exploitation. To clean England's narrow coal-burning chimneys, children as young as four or five were forced to crawl, sometimes naked, through spaces too cramped for adults and sometimes for them as well. Donkin describes how children apprenticed into this perilous occupation faced abuse, the risk of soot-induced scrotal cancer—the first recorded occupational cancer—and the possibility of being burned or even killed on the job.

Although Donkin's account sometimes strains the limits of linearity as it ambitiously weaves together diverse strands of religious, social and business history, the historical details in this book are fascinating. Less fascinating are some overly long and occasionally preachy philosophical explorations of what work is and should be. But it would be hard to argue with Donkin's contention that work for work's sake is not a fulfilling life philosophy, and that the workaholic lifestyle deserves a more critical examination. **BB**

Ellen Jovin is the founder and president of Syntaxis, a financial writing firm based in New York City (www.syntaxis.com).

1. How many seats are on the New York Stock Exchange?
2. In what year did John D. Rockefeller incorporate the Standard Oil Company?
3. In what year did “In God We Trust” first appear on the \$5 bill?
4. How much did the Model T sell for when Henry Ford introduced it in 1908?
5. What was the first railroad stock listed on the old New York Stock and Exchange Board?
6. Who served longest as chairman of the Securities and Exchange Commission?
7. When Enron Corporation collapsed, the debacle also called into question the viability of its accounting firm, Arthur Andersen and Company, one of the so-called Big Five accounting firms. Can you name the other four?
8. The euro replaced the national currencies of a dozen European nations, but three European Union countries to date have refused to get on board. Name them.
9. How many interest rate cuts did the Federal Reserve Board implement in 2001?
10. In 1982, AT&T settled a Justice Department lawsuit against it by agreeing to do what?

1. 1,366
2. 1870
3. 1964
4. \$850
5. The Mohawk and Hudson, introduced in 1830
6. Arthur Levitt, Jr., who left office last year after serving for 7½ years
7. Ernst & Young, KPMG Peat Marwick, Deloitte & Touche, and Pricewaterhouse Coopers
8. England, Denmark, and Sweden
9. 11
10. Divest itself of the 22 Bell System companies

ANSWERS:

THE JOHN B. HE



By Francine Farr

ANCESTRAL SPIRITS ARE the driving inspiration of the John B. Henry Collection of traditional African metal money. These ancestral spirits should be acknowledged, because without them, there would be no art, no collection, and no aesthetic revelation.

Acknowledgments first and foremost are extended to the innumerable African hands, hearts, and minds that imagined, created, and used the original, elegant metal sculptures in the John B. Henry Collection. They were African blacksmith-sculptor-bankers, kings, chiefs, warriors, hunters, farmers, brides, and traders, their regional monetary systems operating according to the forces of supply and demand in an intercontinental and international commercial network.

African sources notwithstanding, Mr. Henry's Anglo-American ancestors are his inspiration, for they influenced and groomed him to start and sustain art collections. Born into a distinguished lineage of art collectors and philanthropists, Mr. Henry's great-

grandfather Province McCormick collected Native American art at the end of the 19th century, donating his collection to a university museum. His uncle, also named Province McCormick, was a major collector and museum donor of Japanese porcelains.

The John B. Henry Collection is the crest of a new wave of abstract minimalist sculpture in African art history. Its significance stems from being metal, multiple and non-representational. It is a welcome, divergent expansion in the tradition of Western collecting of African art which has largely been devoted to carved wood, singular masterpieces of naturalistic anthropomorphic and zoomorphic forms.

Traditional African monetary forms were given the imprimatur of the Smithsonian's National Museum of African Art when it exhibited "The Artistry of African Currency" from April to July 2000. Among the first museum exhibitions of African traditional monies as art, it featured many metal sculptures on loan from the

Henry Collection. The Museum of American Financial History then exhibited "African Currency" from January through March 2001.

Belief in the Internet-empowered education inspired Mr. Henry to establish a website for his collection. The website, www.henrycollection.org, is a virtual museum in progress. Recently, 3-dimensional photographs of the collection were added to the website to give visitors a better visual appreciation of the sculpture's distinctive linearity of silhouette, thinness and bas-relief surface modeling on both sides.

Last year, representing the Henry Collection, I traveled to Europe for research visits to museum and private collections. At the Royal Museum of Central Africa in Tervuren, outside of Brussels, an extraordinary surprise from the past awaited. I was at the museum meeting with Pierre de Maret, the chief archaeologist in his book-lined office, when he called one of his doctoral students for assistance.

RY COLLECTION

Seeing his face and hearing his name—Alain Assoko-Ndong, I knew immediately that he was my former student from teaching high school English for the Peace Corps from 1977 to 1978 in northern Gabon and South Africa. I am very proud of him for recently becoming the first Ph.D. of archaeology from Gabon.

Dr. de Maret is the preeminent expert on the archaeology history of Katanga crosses (fig. 1). He presented a brief slide-illustrated talk on his excavations of Katanga crosses in the Democratic Republic of Congo (formerly Zaire). He explained the evolution of Katanga crosses from the beginnings of copper castings in the 5th century A.D. to a period between the 9th and 13th centuries when H-shaped crosses, called HH crosses, went from being prominently placed on the chest of the deceased in their grave to being placed at the hip and near the hands of the deceased (fig. 2). Dr. de Maret said this trend could be explained by “gradual shift in the use of [the crosses], initially objects of prestige and special purpose currency, and later an increasingly widespread medium of exchange.”

Next on my itinerary was an annual meeting of ethnic money collectors held in the small town of Berg en Dal, outside of Nijmegen in the Netherlands. While living in Leiden in 1989–80 as an independent scholar, I traveled all over the country cataloguing museum collections of Dayak

barkcloth from Kalimantan, Borneo. Since then, I have always fondly remembered my first visit to the African art museum in Berg en Dal. The money collectors associations had probably chosen to meet there because of this enchanting little museum and its beautiful, bucolic setting.

The ethnic money collecting group is called Eucoprino, an acronym for the European Union of Collectors of Primitive and Curious Money. Eucoprino’s primarily German members are ardent researchers and serious collectors of all kinds of ethnic and unusual forms of money. The members and their newsletter *Der Primitivgeldsammeler* are, therefore, a valuable source of information among very few other sources on this subject. Dr. Herbert Hansen, the president of Eucoprino and a retired nuclear physicist, had mounted at the meeting an impressive display of the historical evolution of Katanga crosses accompanied by a monograph he and his wife Ursula had written and published.

In the days after the Eucoprino meeting, I traveled to Leiden to see my colleagues at the Rijksmuseum voor Volkenkunde and visited for the first time the Penningen Kabinet, the numismatic museum that published a lovely book, *Moneta Exotica*, a photographic essay on traditional forms of non-Western money.

My last stop of numismatic investigation was the Musée Monétaire in Paris where I met with curator Jean-

Luc Desnier. The Musée Monétaire has collaborated with the Musée de l’Homme’s expert Josette Rivallain in publishing two substantive books on French collections of African traditional monies. Dr. Desnier and I discussed the problems of placing traditional African monetary forms within the numismatic discipline mainly covering minted coins, medals, paper money and securities. He said progress was being made in France, however, through their collaborations with the Musée de l’Homme, by greater inclusion at numismatic conferences of Chinese and other non-Western money experts, and through more translations from French to English and from English to French.

This leads to consideration of the scholarly side of the Henry Collection and the subject of African metal monetary sculptures more generally. How should scholars come to terms with this material as money and as art? How did Africans think of it and use it as money and art, and what do they think of it now?

Richard Doty, the American authority in numismatics at the Smithsonian, recently answered the most basic question: “What should we properly call it?” Odd and curious money is as pejorative as the still lingering term primitive money so it should be eliminated. The word currency is often used but is a misnomer in economic terminology and in erroneously evoking images in the popular

mind of coins, bills, and modern forms of money. Doty prefers the descriptive term “traditional monetary forms.” This descriptive appellation works well in distinguishing these objects from coins by suggesting their myriad sculptural designs.

Money is a better term than currency because it refers to stores of value, often gold in the Western and Arab world, and in Africa, iron and copper. Stores of value and standard money do not enter circulation but instead are held in reserve or in pre-industrial societies hidden away in large hoards like a savings account or in a traditional kingdom’s treasury.

Commodity money accurately describes some African monetary art forms such as body ornaments, hoes, throwing knives, arrows, and spears (figs. 3–7). These were displayed as wealth and status symbols, exchanged in barter, and measured against other forms of wealth. These forms of African traditional money functioned on three basic, interrelated levels which universally define money.

First, money is a medium of

exchange whereby goods and services are paid for and debts and other contracts discharged. Second, money functions as a unit of account in which records are kept, costs computed, and values compared. Third, money serves as a reserve of ready purchasing power. In each of these cases, money is the only true liquid asset.

Yet, despite its liquidity, traditional metal forms of money tend to fall into disuse over time as their sheer weight makes them impossibly cumbersome and devalued. By the early 19th century in Africa, large stores of heavy iron and copper were still being carried overland by head portage. But, it became so unwieldy, and depreciated that the porters, who were usually slaves, were thrown into the deal to increase its value!

The seemingly magical transformative quality of smelting and smithing iron imposes a strong psychological and religious hold on the African imagination that plays out throughout communities and across cultures.

This is clearly explained by African history professor Colleen Kriger in

her book *Pride of Men: Ironworking in 19th Century West Central Africa*. She writes that indigenously smelted and forged iron was highly valued as money by West Central Africans because of the esoteric technical expertise required to produce a resilient, better quality iron than is industrially produced today. Central African blacksmiths and less often, smelters, acted as bankers in this context inasmuch as they knew better than anyone else the conversion rates for making and recycling iron and copper monetary objects.

Iron was valued by Africans as blooms, pig iron, and ingots, semi-finished and finished products. Probably the earliest iron products were agricultural tools such as hoes and sickles, and hunting equipment such as spears, knives, and arrows. Hoes and sickles figured prominently in large bridewealth transactions perhaps by virtue of the fact that women have long been the principal farmers in Africa.

Both iron and the much softer, but aesthetically pleasing copper proba-



Fig. 1: Katanga cross, an X-shaped copper ingot from the Katanga region, Democratic Republic of the Congo. *John B. Henry Collection. Photo: Franko Khoury. Courtesy: National Museum of African Art.*



Fig. 2: H-shaped Katanga cross on chest of skeleton from archaeological dig at Kabambian A tomb at Kikulu, Upemba Basin, D.R. Congo. *Photo: Pierre de Maret.*



Fig. 3: Bronze ingot, Kru peoples Liberia. *John B. Henry Collection. Photo: Franko Khoury. Courtesy: National Museum of African Art.*

bly evolved as money from such tools and utilitarian objects, to things less useful and more artful, to the purely symbolic and ornamental. The virtuosic forged forms of tools, weapons, jewelry, ingots in the John B. Henry Collection attest to the close art historical and conceptual relationship between money, work, war, ornament, and art. **FH**

John B. Henry II is the founder, President and CEO of eLawForum, an Internet exchange for legal services at www.elawforum.com. Francine Farr, formerly Assistant Curator of Oceanic Art at the Brooklyn Museum, is an art historian, critic, and artist specializing in African, Oceanic and Contemporary art. She presently serves as consulting curator and practicing artist to The John B. Henry Collection of Sculpture of Traditional African Metal Money.

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Fig. 4: Hoe money, Nigeria. John B. Henry Collection. Photo: Franko Khoury. Courtesy: National Museum of African Art.



Fig. 5: Neck ring, Yoruba peoples, southwestern Nigeria. John B. Henry Collection. Photo: Franko Khoury. Courtesy: National Museum of African Art.



Fig. 6: Bracelet, Igho peoples, southeastern Nigeria. John B. Henry Collection. Photo: Franko Khoury. Courtesy: National Museum of African Art.

the World Zionist Organization. David Ben Gurion, a pioneer of reconciliation proposed in 1936 a Jewish autonomy within a larger federation of independent Arab states. In return he offered large-scale economic assistance to Palestine Arabs.

To this, Mussa Alami, a moderate Arab nationalist, responded, "I prefer the country to remain desolate for another 100 years until we Arabs are capable of developing it ourselves."

And George Antonius, the leading Arab political thinker of his time, added that although he understood the arguments of the Zionists, the Arabs had no alternative but to oppose the "flooding" of the country by Jewish immigrants.

Ben Gurion retorted that a Jewish autonomous area within the Arab world would benefit both sides, but that Jewish immigration could not be restricted, because persecution elsewhere gave the Jews no choice.

"We have come here and shall come here whether there will or will not be Arab-Jewish understanding" he said. "Riots will not stop us...Still, I ask what is better for both our sides—to fight or to help one another?"

This was April 1936, the eve of three years of armed Arab rebellions, encouraged by the rise of Hitler in Germany and supported in part by the Axis powers. The turbulent war years, 1940 to 1945, were followed by the continuing territorial struggle, with Great Britain trying to keep immigration within prescribed boundaries.

A British government white paper in 1939, in an effort to turn Arab sympathies away from Nazi Germany, limited the area in which private land purchases by Jews could be made to a narrow strip along the coast. Jewish immigration was restricted to 75,000 over a five year period in order to let the Jewish population grow to a third of the then total. The Arabs objected.

They also objected to a new plan in

1946 which would have allowed entry to 100,000 Jewish survivors in displaced persons camps in Europe.

These limitations led to the notorious "Exodus" affair, in which the British navy repulsed, with bloodshed, the landing of 4,500 refugees. Great Britain was in an untenable position, caught between the pressure of worldwide sympathy for Jewish survivors trying to get out of Europe and their political need to maintain the goodwill of Arab nations.

The mandate to rule Palestine had gone from a desired prize to an

Ben-Gurion, on behalf of the Jews of Palestine, proclaimed independence and the establishment of the state of Israel on May 14, 1948. The new nation was recognized immediately by the U.S. under President Truman.

British rule ended the following day, and on that day the armies of five neighboring Arab states invaded, with the intent of solving the Jewish problem once and for all. Led by 10,000 Egyptians, the Arab forces failed in their objective, and on June 11 the United Nations imposed a cease-fire.

Hostilities resumed a few months



This Jewish Colonial Trust certificate, dated 1901, bears the company's official red seal with a six-pointed star. The text is in English and Hebrew.

expensive liability. Maintaining 100,000 British troops there was an onerous financial burden. Great Britain therefore informed the United Nations that it would give up the mandate and formally leave the country on May 15, 1948. This led the General Assembly in November 1947 to vote the partition of Palestine into an Arab and a Jewish state. This decision acknowledged that 1,220,000 Arabs and 650,000 Jews lived in the country in a condition of ongoing hostility. Regardless of the historical origins of the conflict or the validity of each side's argument, somehow they had to live together without mutual destruction.

later, and the Egyptians were pushed back to the Gaza Strip, where they remained until 1967.

With the establishment of the new state, it was decided that the Anglo Palestine Bank should properly be an Israeli, not a British, company. Approval was obtained from the JCT and other British investors, and in September 1950 a new company, Bank Leumi le-Israel B.M. (meaning National Bank of Israel Limited) was incorporated in Israel.

Although Israel's economy suffered through the 1967 War, it resumed its growth pattern at war's end. The country began to develop industries which utilized state-of-the-art technologies,

EVENTS CALENDAR

SPRING/SUMMER 2002

MAY

- 7 Guided tour of the Federal Reserve Bank's gold vaults, 33 Liberty Street, New York City, 11:30 A.M. Visitors must be at least 16 years old; please bring photo ID and arrive 15 minutes early. Call 212-908-4694 for reservations. Free.

JUNE

- 7 Guided tour of the Federal Reserve Bank's gold vaults. See above.
- 17 Author appearance and book signing. Dr. Andy Anderson, Wells Fargo's Chief Historian and author of *Stagecoach: Wells Fargo and the American West*, South Street Seaport Museum, Melville Gallery, 213 Water Street, New York City, 6 p.m. Free.

JULY

- 17 Guided tour of the Federal Reserve Bank's gold vaults. See above.
- 20 "Songs from the Campfire," a children's program in conjunction with the Museum's Wells Fargo exhibit. Music, puzzles, and games for children seven years and up. South Street Seaport aboard the Peking, 1-4 P.M. Free.

SEPTEMBER

- 14 "Pioneering Business: Lessons and Reflections From Wells Fargo's History." Museum gallery, 12-1 P.M. Free.
- 14 "Born in New York" closes.

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a trend that continued successfully into the future. To meet the resultant surge in demand, Bank Leumi increased all of its activities. Other banks opened, including five foreign ones, but Bank Leumi has remained the largest through the years.

Today the Bank Leumi Group has a presence in 19 countries. There are 300 offices in Israel and major world financial centers. Total assets at the close of 2000 were \$53 billion. Net income for the year was \$397 million.

The Bank Leumi USA is the bank's largest affiliate, with 4 billion in assets. American branches are in New York City, Chicago, and California.

A lamentable commentary on the continuing strife in the region is the

concern about national security expressed in the bank's annual report for the year 2000.

"Forecasts for 2001 are based on an assessment that the security situation will not deteriorate into a pattern of intensified violence on a local or regional scale. However, a return to the situation prior to the outbreak of violence and/or the signing of a comprehensive peace agreement is not assumed."

In the Middle East, all predictions come with a caveat of uncertainty. **PH**

Sanford J. Mock is a Senior Vice President at Paine Webber and a collector of financial documents.

Resources

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